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**STATE OF MINNESOTA
IN COURT OF APPEALS
A17-1095**

Ann Marie Hall,
Appellant,

vs.

Carrie Reynolds,
Respondent.

**Filed February 5, 2018
Reversed and remanded
Connolly, Judge**

Wright County District Court
File No. 86-CV-16-2371

Robert C. Black, III, Edina, Minnesota (for appellant)

Adam J. Kaufman, Mark V. Steffenson, Henningson & Snoxell, Ltd., Maple Grove,
Minnesota (for respondent)

Considered and decided by Florey, Presiding Judge; Connolly, Judge; and Jesson,
Judge.

UNPUBLISHED OPINION

CONNOLLY, Judge

On appeal from the district court's grant of summary judgment in favor of
respondent, appellant argues that the district court erred by allowing respondent to keep

the proceeds of a life-insurance policy taken out by appellant's former husband pursuant to a dissolution judgment and decree. Appellant also contends that she should receive the entire amount of life insurance as provided by her judgment and decree and not a prorated amount to be calculated by the remaining amount of child support owed. Because we conclude that the district court erred as a matter of law in granting summary judgment in favor of respondent and should have granted summary judgment in the amount of \$100,000 to appellant, we reverse and remand.

FACTS

Appellant-mother Ann Marie Hall was married to father James Hall in 1994. The couple's marriage was later dissolved pursuant to a stipulated judgment and decree, which was signed in February 2003. As part of the stipulated judgment and decree, father was required to pay child support to appellant for the parties' two minor children. Additionally, father was required to maintain a life-insurance policy for \$100,000, naming appellant the sole beneficiary, for as long as he had an active spousal-maintenance or child-support obligation.¹

Father died in December 2014. At the time of his death, he had an active child-support obligation for both of his minor children. Despite his obligation to maintain an

¹ The life-insurance provision provides as follows: "To secure [father's] child-related obligations and spousal maintenance, [father] shall be liable and responsible for maintaining life insurance coverage for the benefit of [mother] in the amount of \$100,000.00. The life insurance coverage shall be maintained for as long as [father] has an obligation to pay child support and related obligations and/or spousal maintenance as provided for in this document. The [mother] shall at all times be named as the sole and exclusive beneficiary under the policy."

appropriate amount of life insurance as security for his child-support obligation under the stipulated judgment and decree, father did not maintain any policy with appellant as the beneficiary. Instead, father obtained two life-insurance policies² in November 2012 that named his own mother as the primary beneficiary and his two children as contingent beneficiaries. Several months before he died, father switched his primary beneficiary designation on both policies to his fiancée respondent Carrie Reynolds and listed his mother and his two minor children as contingent beneficiaries. After father's death, respondent received insurance proceeds from the policy totaling \$530,412.22.

A probate file was opened in Wright County to dispose of father's estate. Appellant moved the probate court to add respondent to the proceeding and deposit \$100,000 as security for appellant's claims. This motion was later denied in October 2015 because the court lacked subject-matter jurisdiction over the life-insurance proceeds.³ Appellant then sued respondent claiming unjust enrichment and violation of a court order. Both parties moved for summary judgment, and the district court granted summary judgment in favor of respondent. This appeal follows.

² The first policy was a "Basic Term Life Insurance Plan" and the second policy was a "Spouse/Partner Optional Term Life Plan." The basic term policy was worth \$480,000, and the optional term plan was worth \$50,000 (excluding minimal amounts of interest). Husband waived the optional term policy off and on, but at the time of his death he was covered by the optional term policy. Moreover, when the optional term policy was active, it followed the same designation status as the basic term policy.

³ Appellant also attempted to join respondent in an action she started in the Scott County District Court, which was also dismissed.

DECISION

I. The district court erred as a matter of law by granting summary judgment in favor of respondent.

On appeal from the district court's grant of summary judgment, this court reviews de novo whether there are any genuine issues of material fact that would preclude summary judgment and whether the district court properly applied the law. *Riverview Muir Doran, LLC v. JADT Dev. Grp., LLC*, 790 N.W.2d 167, 170 (Minn. 2010). Moreover, this court reviews the evidence in the light most favorable to the party against whom summary judgment was granted. *STAR Ctrs., Inc. v. Faegre & Benson, L.L.P.*, 644 N.W.2d 72, 76-77 (Minn. 2002).

To establish a claim for unjust enrichment, the plaintiff must show:

(1) a benefit conferred; (2) the defendant's appreciation and knowing acceptance of the benefit; and (3) the defendant's acceptance and retention of the benefit under such circumstances that it would be inequitable for him to retain it without paying for it. A claim for unjust enrichment does not "lie simply because one party benefits from the efforts or obligations of others, but instead it must be shown that a party was unjustly enriched in the sense that the term 'unjustly' could mean illegally or unlawfully."

Dahl v. R.J. Reynolds Tobacco Co., 742 N.W.2d 186, 195-96 (Minn. App. 2007), review denied (Minn. Jan. 20, 2009) (citation omitted) (quoting *First Nat'l Bank of St. Paul v. Ramier*, 311 N.W.2d 502, 504 (Minn. 1981)).

Appellant argues that the district court incorrectly used the above standard because *Dahl* did not deal with unjust enrichment. Contrary to her contention, *Dahl* does deal with unjust enrichment, and *Dahl's* iteration of unjust enrichment correctly lays out the elements

of the cause of action. *See id.* at 195 (“Appellants also assert a claim for common law unjust enrichment.”).

Appellant next argues that the district court erred in citing *Schumacher v. Schumacher*, for the proposition that unjust enrichment requires a showing that “a party was unjustly enriched in the sense that the term unjustly could mean illegally or unlawful.” 627 N.W.2d 725, 729 (Minn. App. 2001) (quotation omitted). To the extent that the district court concludes that unjust enrichment cannot possibly be satisfied in this case because respondent did not do anything “illegal or unlawful,” that conclusion is wrong as unjust enrichment includes “morally wrong” acts. *See id.* (“the cause of action for unjust enrichment has been extended to also apply where, as here, the defendants’ conduct in retaining the benefit is morally wrong.”) However, we read the district court’s order to rely heavily on the fact that respondent was completely unaware of the life-insurance provision of the dissolution decree in granting summary judgment in favor of respondent on appellant’s unjust-enrichment claim.

Appellant contends that knowledge of the benefit is not a necessary element in an unjust-enrichment claim in this context because two similar cases have concluded that knowledge was not required under a theory of unjust enrichment. *See Head v. Metropolitan Life Ins. Co.*, 449 N.W.2d 449 (Minn. App. 1989), *review denied* (Minn. Feb. 21, 1990); *Thiebault v. Thiebault*, 421 N.W.2d 747 (Minn. App. 1988). We do not need to reach this issue because none of the cases cited by appellant specifically deal with the theory of unjust enrichment.

In *Thiebault*, the obligor was to name the only child of his first marriage as the irrevocable beneficiary of \$10,000 from the obligor's company-sponsored life-insurance policy. 421 N.W.2d at 747. After his divorce, the obligor married his second wife and named her the sole beneficiary of his life-insurance policy. *Id.* The second wife was seemingly unaware of the obligor's obligation to provide \$10,000 in life insurance to his child under his dissolution decree. *Id.* The obligor then died when his daughter was 14 years old without complying with the dissolution-decree provision requiring him to name her the beneficiary of his life-insurance policy. *Id.* Our court affirmed the district court's decision to award \$10,000 to the daughter because she had no "burden to discover and act on her father's failure" and the law supports "a constructive trust to provide future financial security for the unnamed beneficiary in these circumstances." *Id.* at 748. The district court in *Thiebault* never identified "an equitable theory," but it did explicitly conclude that an equitable remedy was permissible to provide for the future financial security of a wrongfully excluded beneficiary. *Id.*

Similarly in *Head*, a husband was ordered to provide "policy or policies of life insurance available through his employment" as security for his permanent spousal-maintenance obligation. *Head*, 449 N.W.2d at 452. At the time of his death, it was discovered that his employer paid for \$60,000 worth of insurance and he had, himself, paid for another \$180,000 benefit policy offered through his employment. *Id.* The husband had designated both his spousal-maintenance obligee and a different person as co-beneficiaries. *Id.* Our court affirmed the district court by interpreting the dissolution decree to mean that

the obligee would get *all of the job-related life insurance* even though husband paid for the larger policy. *Id.* at 453 (emphasis added).

Head, like *Thiebault*, never actually addresses or analyzes a specific equitable theory for recovery. Rather, both cases interpret the dissolution decree as binding on a subsequent beneficiary. Thus, while *Head* and *Thiebault* provide for recovery to the wronged beneficiary, they do not do so on the basis of “unjust enrichment.”

In sum, the district court did not err in ruling that the claim of unjust enrichment is not met in this instance because it is undisputed that respondent had no knowledge of the life-insurance provision in father’s dissolution decree before his death. But our analysis does not end here.

Taken together, we conclude that *Head* and *Thiebault* stand for the proposition that a judgment and decree ultimately controls the beneficiary designation regardless of whether a new third-party beneficiary is designated. *See Head*, 449 N.W.2d at 450; *see also Thiebault*, 421 N.W.2d at 748. Specifically, *Thiebault* points out that the district court went “[w]ithout identifying an equitable theory,” in concluding that the law allows for a constructive trust to provide for the *future financial security* in circumstances where a court order stipulates one beneficiary and the obligor violates that order by assigning a different one. *Thiebault*, 421 N.W.2d at 748 (emphasis added). In supporting its holding that the law allows for constructive trusts “in these circumstances,” *Thiebault* cited examples of other equitable claims used in actions with similar facts. *See id.* (citing constructive fraud and unjust enrichment as examples of when the law allows for a constructive trust). Thus, we conclude that an obligor’s violation of a court-ordered obligation is enough to impose

a constructive trust or to claw back proceeds when the court-ordered beneficiary does not receive the amount or policy they are entitled to and instead that specified amount or policy goes to a different beneficiary not provided for in the obligor's judgment and decree.

Respondent attempts to distinguish both *Head* and *Thiebault* by arguing it is meaningful that the dissolution decree did not identify a specific insurance policy.⁴ We disagree with respondent that identifying a specific policy is controlling or that both cases even explicitly identify a certain life-insurance policy. Specifically, the husband in *Head* was ordered to provide “policy or policies of life insurance available through his employment.” *Head*, 449 N.W.2d at 452. This provision does not identify a specific policy but rather states that *all policies through husband's employer* must make his ex-spouse the beneficiary. *Id.* (emphasis added). One of the central questions in *Head* was whether all of the life-insurance policies that were *related* to husband's work needed to place his ex-spouse as the primary beneficiary or whether just the policy *paid* for by his employer needed to place his ex-spouse as the primary beneficiary. *Id.* (emphasis added). Our court's effort in resolving this question in *Head* necessarily shows that the dissolution did not specifically identify a policy, but rather identified a category of potential but seemingly

⁴ Compare the life-insurance provision in husband and appellant's dissolution decree (“Petitioner shall be liable and responsible for maintaining life insurance coverage for the benefit of Respondent in the amount of \$100,000.00”), with *Head*, 449 N.W.2d at 452 (“Petitioner shall keep and maintain in full force and effect the policy or policies of life insurance available through his employment on himself”); and *Thiebault*, 421 N.W.2d at 747 (“Petitioner shall name the minor child...on the life insurance policy carried and paid by Petitioner's employer”).

unknown policies, including policies the husband might purchase in the future through his employment.

Lastly, respondent tries to distinguish this current matter from *Head* and *Thiebault* by noting that father never changed the life-insurance beneficiary from appellant to respondent and was not precluded from buying life-insurance policies for other people. While both these observations are true, they are beside the point. Whether father changed the beneficiary from appellant to respondent or from his own mother to respondent makes no difference as even in *Thiebault* the father never once designated his daughter (the proper beneficiary) as his life-insurance beneficiary. See *Thiebault*, 421 N.W.2d at 747 (“Thiebault died *without ever complying* with the provision of the dissolution decree which required him to list his daughter”) (emphasis added). The relevant issue is not whether father was able to or did purchase other life-insurances policies, but rather whether he complied with a court order compelling him to provide at least \$100,000 in life insurance for the benefit of his dependents.

In a letter from the executor of father’s estate, appellant learned that only two life-insurance policies existed and that both of these policies were in respondent’s name after being changed from father’s mother to respondent. It is not controlling that father intended this life insurance to go to someone else or that he could have purchased more life-insurance policies if he desired. What is controlling is that he purchased only two life-insurance policies and then proceeded to name respondent as the beneficiary “without ever complying with the provision of the dissolution decree which required him to list [his court-ordered beneficiary]” on at least \$100,000 worth of life-insurance benefits. *Id.*

In conclusion, based on *Thiebault* and *Head*, father's act of disregarding his own dissolution decree is a sufficient basis for the district court to impose an equitable remedy on the wrongly assigned benefits even though the recipient of those benefits did nothing wrong. To do otherwise would reward obligors who knowingly violate provisions of their dissolution decrees.

II. Appellant is entitled to receive the value of the life-insurance policy owed to her under the dissolution decree.

Since we conclude that appellant is entitled to receive at least some of her court-ordered life-insurance benefits, we must now decide whether appellant's recovery should be limited to the value of the remaining support obligations or the total amount owed as outlined in the decree. In interpreting a provision of a stipulated judgment and decree, we must determine whether the provision is ambiguous, and if it is unambiguous, then there is no room for construction and the plain language controls. *Starr v. Starr*, 312 Minn. 561, 562-63, 251 N.W.2d 341, 342 (1977). "Whether language is ambiguous is a question of law." *Head*, 449 N.W.2d at 452.

Respondent argues that the life-insurance provision is unambiguous and is meant solely to secure father's child-support obligation because the first line of the life-insurance provision states "[t]o secure child-related obligations." In *Head*, an almost verbatim phrase is used. *See id.* ("*Life Insurance to Secure Spousal Maintenance*: [t]hat the Petitioner shall keep and maintain in full force and effect the policy or policies of life insurance available through his employment on himself") (emphasis added). The only difference between the phrase here and the phrase in *Head* is that one appears as the section heading title and the

other appears as the beginning description in the first sentence of the life-insurance provision. *Id.* Like in *Head*, respondent attempts to argue that the provision's language means the provision was unambiguously meant as security for support payments. *Id.* However, also like in *Head*, respondent's interpretation completely ignores the fact that the provision unambiguously states who the required beneficiary is and what the policy amount owed to the beneficiary must be. *Id.* Here, appellant is the sole and exclusive beneficiary of \$100,000 of life-insurance benefits. The decree set the \$100,000 amount regardless of whether husband died a year after signing the dissolution decree or a year before his support obligation was set to expire. The parties could have stipulated to defining "security" or writing a provision that requires payment of an amount of money determined to be necessary to fund the remaining support payments. Rather, father and appellant decided to stipulate to an agreement by which \$100,000 worth of life-insurance benefits would be provided to appellant if father died before his support obligations ended.

Respondent's final argument is that appellant "cannot claim an excess amount if there is not a showing that [father] was in arrears on child support." This argument by respondent is made in reference to *Thiebault*, where our court noticed that "the trial court concluded that the obligation of child support arrears permitted it to demand application of insurance money to the unpaid support." 421 N.W.2d at 748. Respondent's argument fails as *Thiebault* also rather explicitly recognizes that, "[t]he law supports a constructive trust to provide *future financial security for the unnamed beneficiary in these circumstances.*" *Id.* (emphasis added).

In sum, here, like in *Head*, the life-insurance provision was not meant to ensure that child-support payments were made after father's death, but rather to ensure that *security for children in need of support from their father* existed. Moreover, this conclusion falls directly in line with our past precedent. *See Head*, 449 N.W.2d at 454 (awarding the full value of both life-insurance policies because the unambiguous policy was meant as “security for the spouse in need of maintenance” and “not security to ensure payment is made”); *Thiebault*, 421 N.W.2d at 747 (awarding \$10,000 because the divorce decree provided life insurance be carried “to the extent of Ten Thousand [dollars]”). Since the life-insurance provision is clear and unambiguous, the district court on remand should enter judgment in favor of appellant in the amount of \$100,000 plus whatever statutory interest, costs and disbursements apply in this case.

Reversed and remanded.